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Letter dated 17 September 2014 from the Permanent Representative of Benin to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Ministerial Declaration adopted at the ministerial meeting held in Cotonou, Benin, from 28 to 31 July 2014 on "New partnerships for productive capacity-building in least developed countries" (see annex), on the initiative of the Government of Benin, in its capacity as Chair of the Group of Least Developed Countries, in close cooperation with the United Nations, represented by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

This Ministerial Declaration is entitled: "Cotonou Agenda for productive capacity-building in the least developed countries".

In paragraph 12 of the Declaration, the General Assembly is invited to include an agenda item entitled "New partnerships for building productive capacities in least developed countries" during its sixty-ninth session. The President of the General Assembly will be notified of this request in due course.

I would be grateful if the present letter and its annex could be circulated as a document of the sixty-ninth session of the General Assembly, under agenda items 16, 17 (a), 17 (b), 17 (c), 18, 19 (a), 19 (c), 19 (d), 19 (e), 19 (f), 19 (g), 19 (h), 19 (i), 20, 21 (a), 22 (a), 23 (a), 23 (b), 23 (c), 24 (a), 24 (b) and 25.

(*Signed*) Jean-Francis R. **Zinsou**
Ambassador
Permanent Representative of Benin to the United Nations
Chairman of the Global Coordination Bureau of
Least Developed Countries

Annex to the letter dated 17 September 2014 from the Permanent Representative of Benin to the United Nations addressed to the Secretary-General

Cotonou Agenda for productive capacity-building in least developed countries

Cotonou, 31 July 2014

1. We, ministers and representatives of the least developed countries have met in Cotonou, Republic of Benin, from 28 to 31 July 2014, on the theme "new partnerships for productive capacity-building in least developed countries". We collectively committed ourselves at the conference to finding lasting solutions to the complex and mutually exacerbating structural challenges and problems faced by least developed countries, which constitute the poorest and most vulnerable group of countries;

2. We welcome the participation at the meeting of a number of development partners and while appreciating their ongoing support, strongly call upon them for renewed and strengthened global partnerships for achieving eight priority areas of the Programme of Action for the Least Developed Countries for the Decade 2011-2020, in particular productive capacity-building;

3. We call for enhanced support to least developed countries to achieve the overarching goal, set out in the Programme of Action, of enabling half of them to meet the criteria for graduation by 2020 by removing structural constraints through the eradication of poverty and the achievement of accelerated, sustained, inclusive and equitable growth and sustainable development. This requires effective national government policies and commitments, enhanced global support and appropriate mechanisms at all levels;

4. We also call for genuine solidarity with the aspirations expressed by the least developed countries during the conference with a view to fostering and strengthening new partnerships for productive capacity-building in the least developed countries. We underscore the need for further strengthening global partnerships for least developed countries to build viable and competitive productive capacity in agriculture, manufacturing and services sectors;

5. We recognize that least developed countries represent an enormous human and natural resource potential for world economic growth, welfare, prosperity and food and energy security. Therefore, a successful, renewed and strengthened global partnership that effectively addresses the special needs of least developed countries will contribute to the cause of peace, prosperity and sustainable development for all. Further strengthening of our collective actions towards enabling least developed country young populations and women will more effectively contribute to equitable and inclusive development, poverty eradication, job creation and social justice;

6. We note that least developed countries face a number of structural and systemic challenges, which include widespread extreme poverty, inadequate infrastructure, geographical handicaps, deficit of human, institutional and productive capacity and acute susceptibility to external shocks, which constrain the realization of their high potential and hinder full fruition of the efforts of these

countries and their development partners to improve the quality of life of their peoples;

7. We acknowledge that productive capacity-building requires substantially upgrading human and institutional capacity-building, enhanced investment in physical infrastructure development, improved access to energy, which should be accompanied by improved trade, investment and development finance at all levels, including at the local level, enhanced capacity in the areas of entrepreneurship, technology and innovation and financial services;

8. We stress that productive capacity-building should be considered within a sustainable development policy framework that supports structural transformation as a means for increasing economic, environmental and social development and building resilience. The sustainable development goals and post-2015 development agenda should offer useful guidance and direction towards a policy framework for productive capacity-building for least developed countries that is grounded in the principles of sustainable development;

9. We note that the Cotonou conference provides a major platform for countries of the North and the South, United Nations system organizations, the World Bank Group and regional financial institutions and the private sector to articulate a sharper policy focus on key areas of productive capacity-building and showcase specific examples and concrete initiatives to bring about transformative shifts in least developed country economies and to announce new initiatives and specific support measures for least developed countries to give a decisive impetus to their efforts towards building productive capacities by creating needed synergy and coherence;

10. We welcome decision No. 465 of the twentieth African Union Summit held in January 2013 establishing the South-South and Triangular Coalition for post-2015 Africa and call on emerging and industrialized countries, international organizations, United Nations system agencies and development banks to provide technical, material, human and financial support to enable Africa, comprising 34 out of 49 least developed countries of the world and being the weakest link in the current international development mechanism, to really involve in the emergence process;

11. We stress that the following critical issues and actions relating to productive capacity-building should be addressed as a matter of urgency with a view to ensuring full and timely implementation of the Programme of Action:

i. For full and timely implementation of the eight priority areas of the Programme of Action, especially productive capacity-building, least developed countries need additional, preferential, concessional and most favourable treatment for their access to markets, finance, technologies, know-how and other resources and differential and flexible treatment in undertaking international commitments and obligations that are not commensurate with their capacity, needs and stage of development, to be called "differential and preferential treatment for least developed countries ". This principle should be applied in the articulation of the post-2015 development agenda and the sustainable development goals as well as all other relevant processes. In this regard, it is recognized that the recent outcome of the Open Working Group on Sustainable Development Goals has acknowledged this principle, although

some key concerns of least developed countries, especially in the area of means of implementation, remain to be fully addressed in the post-2015 development agenda and sustainable development goals;

ii. The global economy has been facing a challenging time for several years now, and the ongoing global economic and financial crises have had serious adverse effects on least developed country economic performance, as evidenced by substantial deceleration of their recent growth rate compared with the progress made during the past decade with serious effects on the timely and effective implementation of the goals and targets of the Programme of Action;

iii. Least developed countries are highly exposed to climate vulnerability and disproportionately affected by its adverse impacts due to their location, low income, low institutional capacity, and greater reliance on climate-sensitive sectors like agriculture. This is exacerbated by desertification, land degradation, drought, floods, cyclones and other natural and man-made disasters; least developed countries must be provided with adequate levels of resources in order to enhance their resilience to climate change;

iv. Consequently, it is vitally important to reorient the macroeconomic, industrial, agricultural, rural and infrastructure policies of least developed countries, as well as the development cooperation policies and strategies of the development partners, towards the development of productive capacities, strengthening of related institutional and human capacities and fostering of public sectors including public-private partnerships. This involves implementing a range of mutually supportive policies aimed at building productive capacity and beneficial linkages with global value chains and dynamic sectors of world trade;

v. The demographic transition is key to building human capital and harnessing the demographic dividend. To this end, there should be strengthened collective efforts by least developed countries and their development partners to realize the demographic dividend in least developed countries by pursuing effective policies and actions on education, training, employment, primary health, including voluntary family planning, girls and women empowerment, gender equality and issues of development related to youth;

vi. It is of utmost importance to effectively and collectively address challenges and problems that constrain the growth, expansion and functioning of least developed country firms, particularly small and medium-sized enterprises, including through strengthening the credibility and independence of financial and regulatory institutions, increasing transparency, fostering fair competition, and by strengthening knowledge systems, including innovation, education, technological learning and upgrading, and research and development;

vii. Least developed countries have huge reserves of precious mineral resources and they don't have necessary capacity, expertise and skills for mineral exploration. The development partners should provide adequate financial, technical and technological support to least developed countries to build their own capacity for mapping, exploration and transformation of

natural resources with a view to deriving maximum benefits out of their own resources. Least developed countries also need stronger support in investment negotiation contracts with foreign investors;

viii. A dynamic, broad-based, well-functioning and socially responsible private sector is a valuable instrument for increasing investment and trade, employment and innovation, thereby generating economic growth and eradicating poverty and serving as an engine for industrialization and structural transformation. The development and trading partners should adequately support least developed country efforts to strengthen the institutional and managerial capacities and the productivity of small and medium-sized enterprises and to facilitate both national and global private sector investment in least developed countries, including by strengthening regulatory frameworks and knowledge systems, such as innovation, education, technological learning and upgrading, and research and development;

ix. The private sector is a key partner in this transformation process, and a more conducive enabling environment will help harness the full potential of the private sector in creating jobs and enhancing national capacity. In this context, the development of access to financial services plays a critical role in enhancing the competitiveness, in particular of small and medium-sized enterprises. This should be complemented by strengthening the institutions of the State at all levels including local communities, especially in relation to policy, regulatory and monitoring frameworks, with a view to building major and critical infrastructure and adequately supporting economic transformation including the development of the private sector.

x. Commodity diversification and value addition as well as effective participation of least developed countries in regional and global value chains represent a critical aspect of the efforts of these countries in reversing their marginalization, building productive capacities, accelerating structural transformation and generating decent jobs with quick impact on poverty eradication. Equally important is to gainfully link into global value chains by upgrading and increasing the domestic value-added content of least developed country exports so that the commensurate production-linked gains are not lost. These require strategic policy interventions at the national, regional as well as at the sectoral level. In this regard, regional cooperation and integration can play a catalytic role;

xi. The development of physical infrastructure is an important prerequisite for sustained economic growth and sustainable development. Significant amount of investment and technology is essential, including through public-private partnerships, innovative financing, regional integration and appropriate institutions and regulation, to bridge the gap. It is equally important to strengthen the underlying investment climate, with enhanced technical support of the development partners and international financial institutions, including by improving predictability, governance and transparency, as well as in procurement practices and policies. Development partners should provide enhanced financial and technical support to least developed countries for their infrastructure development and management;

xii. Bringing about structural transformation in the economies of least developed countries would require transfer, acquisition and the upgrading of

technologies, including new technologies/broadband, domestic capacity and a knowledge base. In this regard, the decision of the General Assembly[1] with regard to a technology bank and science, technology and innovation-supporting mechanism dedicated to least developed countries is a much needed welcome development. The Secretary-General is requested to constitute the high-level panel of experts as soon as possible, so that it can conclude its work within the required deadline with a view to fully operationalizing the technology bank as soon as possible. Turkey's decision to contribute $200,000 for the establishment of the technology bank and the science, technology and innovation supporting mechanism is warmly welcomed and other donor countries are invited to make contributions to the technology bank;

xiii. The Istanbul Declaration and the Istanbul Programme of Action recognize the importance of the development of information and communications technologies (ICT) for building viable productive capacity in least developed countries, and for significantly increasing access to telecommunication services to provide 100 per cent access to the Internet by 2020. All stakeholders should continue to work together to forge partnerships and harness telecommunication/ICTs/broadband as an enabler across all sectors to drive the development of the least developed countries for building viable productive capacities;

xiv. The messages contained in the communiqué of the high-level event on sustainable energy for the least developed countries, held in New York on 23 September 2013, are key to removing the least developed country energy gap. The launch in Cotonou on 28 July 2014 of the United Nations Decade on Sustainable Energy for All is a welcome initiative in which least developed countries received a special focus throughout the decade. The United Nations Secretary-General's Sustainable Energy for All initiative, including its targets and the recently held forum will remain a useful framework in the field of energy for the crucial decades ahead;

xv. The establishment of dedicated Sustainable Energy for All hubs by the African Development Bank, the Asian Development Bank and the Inter-American Development Bank to address challenges and opportunities at the country level is an important step in the right direction. All actors involved, including development partners, United Nations system organizations, the World Bank Group and other international and regional organizations should work together to develop and establish a common global goal on energy as part of the sustainable development goals for the post-2015 development agenda which should provide a specific focus on least developed countries. There is also a need for a long-term, global energy framework, under the umbrella of the United Nations, in order to lead resource mobilization and implementation in support of relevant goals under the post-2015 development agenda with a focus on least developed countries;

xvi. South-South cooperation, as a complement to North-South cooperation, is vital to least developed countries, particularly in regard to technical assistance, sharing of best practices in terms of their development, especially

[1] United Nations General Assembly resolution 68/224.

in areas of productive capacity-building infrastructure, energy, science and technology, trade, investment and transport cooperation;

xvii. The launching of a South-South Technology Transfer Facility for least developed countries is welcomed, whereby the United Nations Office for South-South Cooperation's South-South Global Assets and Technology Exchange global platform will be utilized. The Facility will provide continuity beyond the Cotonou conference by commencing a three-year pilot programme focused on technology transfer to least developed countries and the setting-up of a South-South investment fund for least developed countries. Additional country centres within least developed countries will also be recruited to support the Facility's operations and link with the South-South Global Assets and Technology Exchange global network;

xviii. Official development assistance (ODA) continues to be the largest and critical source of external financing for the development of least developed countries and provides a buffer to weather the impacts of the unstable and volatile global economic environment. There is a shared serious concern over the fall in ODA to least developed countries by 9.4 per cent in real terms in 2012. However, it is encouraging that the bilateral net ODA to least developed countries is estimated to have increased by 12.3 per cent in 2013 according to a preliminary estimate of the Organization for Economic Cooperation and Development (OECD) and this positive trend should further accelerate. Donor countries that have fulfilled ODA commitments are commended and urged to do more. Donor countries that have not yet done so are called upon to fulfil their ODA commitment of 0.15 to 0.20 per cent of gross national income to least developed countries at the earliest and they should review their ODA commitments, as committed in the Programme of Action, and to allocate at least 50 per cent of ODA and the Aid for Trade disbursement to least developed countries taking into account the unique structural handicaps and constraints faced by least developed countries;

xix. The development partners should take action to fully operationalize the Green Climate Fund as soon as possible with a goal of mobilizing $100 billion per year by 2020 and the promotion and facilitation of clean development mechanism projects in least developed countries. It is noted with appreciation that the World Bank Group, through the International Development Association (IDA), has taken steps to recognize this vulnerability and has included a set of policy commitments in this replenishment cycle to integrate the management of climate and disaster risks in all country partnership frameworks and operations, as well as to develop multi-sector plans and investments. The World Bank Group is invited to extend its financial and technical support, through IDA, for infrastructure and productive capacity-building as well as adaptation and resilience-building of all least developed countries;

xx. Desertification, land degradation, drought, floods, cyclones, coastal erosion driven by sea level rise, salinization and other natural disasters are major obstacles for least developed countries to achieve sustainable development. There should be enhanced financial and technological support from the development partners, development banks and Global Environment

Facility to address desertification, soil infertility, droughts, floods, coastal erosion and salinization and to secure a land-degradation neutral world;

xxi. The importance of mobilizing resources from a variety of sources is highlighted, which should be additional to ODA, and should be substantial and predictable and disbursed in a manner that respects the priorities and special needs of least developed countries and not unduly burden them. Least developed countries underlined the need for pursuing a broad strategy to generate additional resources beyond ODA to finance their development, a strategy that includes, among others, improved domestic resource mobilization, increased domestic and foreign investment and inclusive finance, and support for enhanced mobilization and more productive use of skills and financial resources of the diaspora;

xxii. The World Trade Organization member States should provide duty-free, quota-free market access, on a lasting basis, for all products originating from all least developed countries; adopt simple, transparent and flexible preferential rules of origin applicable to imports from least developed countries; resist protectionist tendencies and rectify trade-distorting measures, including in agriculture, that are inconsistent with multilateral obligations; and eliminate arbitrary or unjustified non-tariff and para-tariff barriers;

xxiii. Development partners should provide stronger support to least developed countries to build their trade and supply-side capacity by significantly increasing the share of assistance through the Aid for Trade initiative, by continuation of the Enhanced Integrated Framework beyond its current phase with enhanced resources and an expanded mandate and strengthening their capacity to access available resources, in support of the needs and demands of least developed countries expressed through their national development strategies, as agreed upon in the Istanbul Programme of Action;

xxiv. The Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative have created additional fiscal space in many least developed countries. However, there are risks of re-indebtedness because of huge development needs in least developed countries. It is a matter of deep concern that in spite of these two initiatives, many least developed countries still struggle with a high debt burden. There is a need to undertake effective measures, in particular through full cancellation of multilateral and bilateral debts owed by all least developed countries to creditors, both public and private. The need for appropriate debt workouts and debt standstill for least developed countries is also underscored. Least developed countries also call upon creditors, both public and private, for additional effective measures to facilitate financing of their economic development, including access to both concessional and non-concessional resources for investment in critically needed infrastructure and development projects;

xxv. It is recalled that there is a decision contained in the Istanbul Programme of Action, and reaffirmed in General Assembly resolution 67/220, to adopt, expand and implement investment promotion regimes for least developed countries. A concrete way to help stimulate foreign direct investment in least developed countries will be to provide a one-stop arrangement through an international support centre under the auspices of the United Nations, which can make available the following interrelated and mutually reinforcing

services: (i) an information depository for investment facilities in least developed countries; (ii) technical support to assist least developed countries in negotiating complex large-scale contracts; (iii) advisory support in dispute resolution; and (iv) risk insurance and guarantees in close collaboration with the Multilateral Investment Guarantee Agency and OECD;

xxvi. The International Migrant Remittances Observatory for Least Developed Countries should be operationalized without further delay with the support of the development partners;

xxvii. The United Nations system organizations, the World Bank Group and other multilateral and intergovernmental organizations should continue to expand and strengthen their work on policies and strategies, as well as their technical cooperation activities, for building productive capacities, enhancing diversification and value addition, improving the competitiveness of least developed countries. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States should ensure that the issues of productive capacity are regularly considered within the Inter-Agency Consultative Group mechanism with a view to ensuring United Nations system-wide coherence and coordination;

xxviii. The United Nations system organizations, including the World Bank Group, should undertake a feasibility study, in collaboration with the Office of the High Representative, with the aim of introducing "diaspora bonds" for least developed countries;

xxix. The development partners should support least developed countries to establish national and subregional development finance institutions to plug the commercial finance gap, and encourage innovation and the growth of job-creating small, medium-sized and micro enterprises, including through the development of government loan guarantee programmes;

xxx. It has been registered with satisfaction that a number of important initiatives were announced during the conference, including:

(a) United Nations Decade on Sustainable Energy for All with special focus on least developed countries;

(b) International Investment Support Centre for least developed countries;

(c) Regional centres of the technology bank in the context of ongoing work of the technology bank for least developed countries;

(d) South-South Technology Transfer Facility for least developed countries;

(e) Diaspora bonds for least developed countries guaranteed by the international financial institutions and regional banks;

(f) A new initiative of the Group of Seven on strengthening assistance for complex contract negotiations to provide least developed countries with extended and concrete expertise for negotiating complex commercial contracts focusing initially on the extractive industries;

(g) Local finance initiative to promote domestic investment in productive infrastructure at the local level.

12. We underline the importance of the Cotonou Agenda for productive capacity-building in least developed countries and invite all stakeholders to take appropriate actions for its implementation and follow-up. We invite the General Assembly to include an agenda item entitled "New partnerships for building productive capacities in least developed countries" during its sixty-ninth session;

13. We express our profound gratitude to the President of Benin, Boni Yayi, for his full support and inspiring message to the conference. We also thank the Chairperson of the African Union Commission, Dlamini Zuma, for her highly encouraging address to the participants and commitment of support to least developed countries. We thank the Government of the Republic Benin for organizing this meeting and for its generous hospitality extended to us during our stay in Cotonou. We express our gratitude to the Governments of Germany, Turkey, New Zealand, the Netherlands, Norway, Italy and Spain for their generous contributions to the successful organization of the conference. We note with appreciation the substantive support and financial contribution of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the United Nations Development Programme and the United Nations Office for South-South Cooperation;

14. We also note with appreciation the active participation and substantive contributions of other development partners, United Nations system organizations, including the United Nations Conference on Trade and Development, the World Bank Group, the United Nations Capital Development Fund, the United Nations Convention to Combat Desertification, the United Nations Industrial Development Organization, the World Intellectual Property Organization, the United Nations Population Fund, the International Telecommunication Union, the International Labour Organization, the United Nations Environment Programme, the United Nations Entity for Gender Equality and the Empowerment of Women, the Enhanced Integrated Framework, the Sustainable Energy for All initiative, and other bodies and entities, especially, OECD and the African Union Commission. We also express our thanks to the private sector, civil society, non-governmental organizations, in particular the International Institute for Environment and Development, and to other stakeholders.